

## **PROPOSED DB AND LO TEST COVERAGE**

### **What topics may be covered in the designated broker and loan originator test?**

The designated broker and loan originator tests will require candidates to demonstrate a working knowledge of and competency in the following subjects:

- (1) Ethics in the mortgage industry
- (2) Washington law and supporting rules:
  - Mortgage Broker Practices Act (chapter 19.146 RCW, chapter 208-660 WAC)
  - Consumer Protection Act (chapter 19.86 RCW)
  - Escrow Agent Registration Act (chapter 18.44 RCW, chapter 208-680 WAC)
  - Usury Act (chapter 19.52 RCW)
  - Unfair Practices with Respect to Real Estate Transactions (RCW 49.60.222)
  - Fair Credit Reporting Act (chapter 19.182 RCW)
  - Real estate and appraisal law, including without limitation, the provisions of chapters 18.85 and 18.140 RCW
  - Washington principal and agent law
  - Mortgage, deed of trust, and real estate contract statutes set forth in Title 61 RCW
  - Washington Consumer Loan Act (chapter 31.04 RCW, chapter 208-620 WAC)
- (3) Federal laws and supporting regulations:
  - Real Estate Settlement Procedures Act (12 U.S.C. Sec. 2601 et seq., Regulation X, 24 C.F.R. Part 3500 et seq.)
  - Truth In Lending Act (15 U.S.C. Sec. 1601 et seq., Regulation Z, (12 C.F.R. Part 226 et seq.)
  - Equal Credit Opportunity Act (15 U.S.C. Sec. 1691 et seq., Regulation B, 12 C.F.R. Part 202)
  - Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq., Regulation V, 12 C.F.R. Part 222)
  - Fair Housing Act (42 U.S.C. Sec. 3601 et seq., 24 C.F.R. Parts 100-121)
  - Home Mortgage Disclosure Act (12 U.S.C. Sec. 2801, 12 C.F.R. Part 203)
  - Community Reinvestment Act (12 U.S.C. Sec. 2901, 12 C.F.R. Parts 25, 228, 345, 563e)
  - Gramm-Leach-Bliley Act (15 U.S.C. Sec. 6801-6809, 16 C.F.R. Parts 313-314)
  - USA Patriot Act (Public Law 107-56)
  - Home Ownership Protection Act (15 U.S.C. Sec. 1637 and 1647)
  - Bank Secrecy Act (also known as the Currency and Foreign Transactions Reporting Act) (31 U.S.C. Secs. 5311-5330 and 12 U.S.C. Secs. 1818(s), 1829(b) and 1951-1959, 31 C.F.R. 103)
  - Consumer Credit Protection Act (15 U.S.C. Sec. 1601)
  - Private Mortgage Insurance Disclosure

- (4) Arithmetical computations common to mortgage lending including but not limited to:
  - APR
  - Finance charge
  - Amount financed
  - Payment & amortization
  - Debt to income ratio
  - Loan to value ratio
- (5) Property Types
- (6) Program Types and disclosures
- (7) Occupancy Classes
- (8) Documentation Types:
  - Full document
  - Stated income documented assets
  - Stated income stated assets
  - No ratio
  - No documentation
  - Bank statement income
- (9) Ethics in the mortgage industry
- (10) General mortgage industry information:
  - state and federally required disclosures
  - credit evaluation
  - proper use of the federal forms (GFE, TIL, 1003, HUD1, consumer booklets, etc)
  - settlement services and processes
- (11) Trust account and recordkeeping requirements provided in the act and these rules.

DFI is currently preparing a request for proposals for a single test with tiers of difficulty for Designated Mortgage Brokers (more difficult) and Loan Originators (less difficult), or proposals for separate tests. Loan Originators are considered entry level positions into the industry with a baseline level of knowledge required. Designated Mortgage Brokers are responsible for overseeing the operations of the mortgage business and the activities of Loan Originators and are expected to have a higher level of knowledge. For example, Designated Mortgage Brokers should be tested on their knowledge of trust accounting management, whereas Loan Originators may only need to understand the basic need for a trust account.

DFI's intent is to publish a data base of approximately 1,000 questions and answers as a study guide to DBs and LOs. The actual test will be a randomly selected subgroup to the study guide questions. The actual publication of test questions and answers as a study guide will be dictated by the vendor contract entered by DFI.